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49.2

CAFETERIA PLAN EXPERIENCE:

| | CIA Proposed | CO #1 UNISYS | CO #2 NYNEX | CO #3 STATE OF GEORGIA | CO #4 ONAN | CO #5 Fireman Fund Ins Co |
|---|---|---|---|---|---|---|
| Approx Company Size Covered | | 58,000 Domestic | 30,000 Non Bargaining | 95,000 | 4,500 | 12,500 |
| Date of Installation | | 4/1/88 | 7/1/85 | 7/1/86 | 1/1/85 | 1/1/89 |
| Reasons for Flex Benefit Plan | 1. Provide choices to better meet employee needs | 1. Merger forced need to integrate two benefit plans - wanted to deliver same level of benefits | 1. Provide choices | 1. Provide choices | 1. Provide choices - no "normal" work force demographics needs | Implementing FSA's & Pretax premium options only |
| | 2. Better return on agency/employee dollar | 2. Be competitive in industry | 2. Control rising medical costs | 2. Provide consistency of of benefits between various state agencies | 2. Control company cost | |
| | 3. Take advantage of FSA tax savings | 3. Spend no more than prior to merger | 3. Move towards true total compensation | 3. Take advantage of FSA tax savings | | |
| | | | | 4. Provide cost savings by having one set of benefits for carriers to bid on | | |
| Resources: Personnel | N/A | Added 3 people to staff to administer the program-need 1-2 more staff | Have 3-4 people dedicated to the program administration | Added new division of 8 people to process enrollment forms & administer the program | No new people added | Need to add one more person, but budget will not allow it |

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|---|---|---|---|---|---|---|
| Other Resources | N/A | Estimate $4 million in first year, expect second year to be much less | On implementation spent $1 million on consulting fees, 6 payroll folk involved | This fomented a lot of system upgrading-payroll systems of 25 agencies at 800 locations had to be brought into consistency | $60,000 to $65,000/yr for for timeshare/ system to administer | |
| Caveats | | 1. Get strong management support on the proposal before you start | 1. Be clear on the objectives. | 1. Communications is the key | 1. Allow at least 18 months to do this-be certain you've got your payroll system ready & tested | 1. Look at costs carefully on flex, particularly if you have a significant number of employees who have opted out |
| | | 2. Use a good consulting firm which has solid experience - it can provide help on systems design, documentation, the process and communications | 2. Be honest & upbeat on communications | 2. Look at administrative process carefully-check odd ball exceptions-LWOP, etc. | 2. Be clear on your philosphy and objectives - is flex what you really want? | 2. Watch payroll system issues |
| | | | 3. If you have a problem with a current plan, be ready to bite the bullet | 3. Consider having only one month of the year when you will review carrier's proposals | | 3. Make sure you do the communications very carefully and well |

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